

STATE OF WASHINGTON  
DEPARTMENT OF FINANCIAL INSTITUTIONS  
SECURITIES DIVISION

IN THE MATTER OF determining  
Whether there has been a violation of the  
Securities Act of Washington by:

RONALD C. HAUF,

Respondent.

SDO - 58 - 00

STATEMENT OF CHARGES AND NOTICE  
OF INTENTION TO SUSPEND SECURITIES  
SALESPERSON REGISTRATION

Case No. 99-11-361

THE STATE OF WASHINGTON TO: RONALD C. HAUF  
2004 W Lake Sammamish HWY NE  
Redmond, WA 98052

**STATEMENT OF CHARGES**

Please take notice that the Securities Administrator of the State of Washington has reason to believe that Respondent, Ronald C. Hauf, has engaged in dishonest and unethical practices in the securities business while employed as a registered securities salesperson for Salomon Smith Barney, Inc., and filed false statements with the Securities Division and that those practices and violations justify a twenty (20) day suspension of Respondent's securities salesperson's registration pursuant to RCW 21.20.110(1)(a) and (g). The Securities Administrator finds as follows:

**TENTATIVE FINDINGS OF FACT**

Respondent

1. Ronald C. Hauf ("Hauf") is registered with the State of Washington as a securities salesperson and was affiliated with the Salomon Smith Barney, Inc. ("Salomon") office located at 717 W Sprague Ave., Suite 500 Spokane, WA 99201-3919, from July 31, 1993 until his resignation, effective October 21, 1999.

2. On or about November 19, 1999, the Washington State Securities Division began an investigation into Hauf's activities as they related to his resignation from Salomon and a related customer complaint.

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3. Hauf is presently registered as a securities salesperson affiliated with the Securities America, Inc., office located at 1310 North Maple Street, Spokane, WA 99201-2710.

## NATURE OF HAUF'S CONDUCT

## Hauf Engaged in Unauthorized Trading

4. On or about May 4, 1993, a 60-year-old retired farmer, residing in New York, opened an account with Hauf at Salomon. The Customer previously had an account with Hauf at another brokerage firm.

5. On or about July 20, 1999, the Customer, suffering from a terminal illness, moved into the residence of his brother, in whose care he remained until his death on October 1, 1999. During this time the Customer's brother assisted the Customer with all of his correspondence and affairs, obtaining full power-of-attorney to act as the Customer's agent on September 1, 1999.

6. On or about August 30, 1999 Hauf entered an order to purchase 1,000 units of ACM Government Spectrum Fund, Inc., for the Customer's account, without having first obtained the approval of the Customer or the Customer's brother.

7. On or about September 14, 1999 Hauf entered an order to sell 300 shares of Global Marine, for the Customer's account, without having first obtained the approval of the Customer or the Customer's brother.

8. On or about September 21, 1999 Hauf entered an order to purchase 500 shares of ASM International, for the Customer's account, without having first obtained the approval of the Customer or the Customer's brother.

9. On or about September 28, 1999 the Customer's brother initiated a transfer of the Customer's account to a Salomon branch located near his home, indicating that he was concerned that Hauf had made trades in the Customer's account without authorization.

10. Hauf had not spoken to the Customer since, at least, August 25, 1999.

Hauf Failed to Execute Written Discretionary Agreements

11. Account documents maintained by Salomon did not include a discretionary agreement executed by either the Customer or the Customer's brother. Hauf failed to obtain written discretionary agreements for the Customer's account.

Hauf Filed False Licensing Statements

12. On or about October 21, 1999 Hauf was permitted to resign his position with Salomon. Salomon subsequently filed a Form U-5 indicating that Hauf had executed transactions in a customer's account without proper authority.

13. On or about March 13, 2000 Hauf became affiliated with Securities America, Inc., located at 1310 North Maple Street, Spokane, WA 99201-2710. Securities America, Inc. submitted a Form U-4 for Hauf, which Hauf signed on March 13, 2000. Hauf answered "No" to question 23J(1) which asks whether the registrant has been permitted to resign after allegations were made accusing him of violations of investment-related statutes, regulations, rules or industry standards of conduct.

Based upon the above Tentative Findings of Fact, the following Conclusions of Law are made:

**CONCLUSIONS OF LAW**

Hauf, as described above, engaged in one or more dishonest or unethical practices in the securities business, as defined by WAC 460-22B-090(8), by executing transactions on behalf of a customer without authorization to do so. Such practice is grounds for a twenty (20) day suspension of his salesperson registration pursuant to RCW 21.20.110(1)(g).

Hauf, as described above, engaged in one or more dishonest or unethical practices in the securities business, as defined by WAC 460-22B-090(9), by exercising discretionary power in effecting transactions for a customer account

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1 without first obtaining written discretionary authority from the customer or the customer's agent. Such practice is  
2 grounds for a twenty (20) day suspension of his salesperson registration pursuant to RCW 21.20.110(1)(g).

3 Hauf, as described above, engaged in one or more dishonest or unethical practices in the securities business, as  
4 defined by WAC 460-22B-090, by providing false information to the Securities Division in connection with the transfer  
5 of his securities salesperson license. Such practice is grounds for a twenty (20) day suspension of his salesperson  
6 registration pursuant to RCW 21.20.110(1)(g).

7 Hauf, as described above, filed an application for registration that was false or misleading with respect to the  
8 material facts surrounding his termination from Salomon. Such practice is ground for a twenty (20) day suspension of  
9 his salesperson registration pursuant to RCW 21.20.110(1)(a).

#### 10 **NOTICE OF INTENTION TO SUSPEND SECURITIES SALESPERSON REGISTRATION**

11 Based upon the above Tentative Findings of Fact and Conclusions of Law, the Securities Administrator intends  
12 to order that the securities salesperson registration of Ronald C. Hauf be suspended for twenty (20) business days.

#### 13 **AUTHORITY AND PROCEDURE**

14 This STATEMENT OF CHARGES AND NOTICE OF INTENTION TO SUSPEND SECURITIES  
15 SALESPERSON REGISTRATION is entered pursuant to the provisions of RCW 21.20.110 and is subject to the  
16 provisions of RCW 21.20.120, and is subject to the provisions of ch. 34.05 RCW. The respondent, Ronald C. Hauf may  
17 make a written request for a hearing as set forth in the NOTICE OF OPPORTUNITY TO DEFEND AND  
18 OPPORTUNITY FOR HEARING accompanying this order. If Mr. Hauf does not request a hearing in this matter, the  
19 Securities Administrator will make the foregoing Tentative Findings of Fact and Conclusions of Law permanent and  
20 enter an order suspending Mr. Hauf's securities salesperson registration for twenty (20) business days from the date of  
21 service of the Order upon him.

22 DATED this 22nd day of May 2000.

23 

24 DEBORAH R. BORTNER  
25 Securities Administrator

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Presented by:

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Kristina L. Kneip  
Securities Examiner

Approved by:

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Michael E. Stevenson  
Chief of Compliance